



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

November 13, 2014

Ms. Kate McGrath, Director
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Ms. Ursula Parks, Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Ms. McGrath and Ms. Parks:

Enclosed is the agency's FY 2015 Monthly Financial Report as of September 2014. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

BUDGET ADJUSTMENTS

The following adjustments were made to the appropriated budget in the month of September. In total, the operating budget was increased by \$58,918,583.

Adjustments have been made in accordance with the General Appropriations Act (GAA) for the 2014-15 Biennium, 83rd Legislature, Regular Session (SB-1) as cited below:

➤ Article I, Information Listing of Funds Appropriation to the Comptroller of Public Accounts for Social Security and Benefit Replacement Pay, Rider 2 (Increase of \$1,386,145 (\$1,231,528 General Revenue; \$143,084 Federal Funds; \$11,533 Other))

- Strategy A.1.1 Statewide Intake Services was increased by \$45,024
- Strategy B.1.1 CPS Direct Delivery Staff was increased by \$821,171
- Strategy B.1.2 CPS Program Support was increased by \$162,358
- Strategy C.1.4 Child Abuse Prevention Grants was increased by \$4
- Strategy C.1.6 At-Risk Prevention Program was increased by \$2,145
- Strategy D.1.1 APS Direct Delivery Staff was increased by \$122,063
- Strategy D.1.2 APS Program Support was increased by \$30,211
- Strategy D.1.3 MH and ID Investigations was increased by \$18,655
- Strategy E.1.1 Child Care Regulation was increased by \$98,871

- Strategy F.1.1 Central Administration was increased by \$53,202
 - Strategy F.1.2 Other Support Services was increased by \$7,960
 - Strategy F.1.3 Regional Administration was increased by \$2,954
 - Strategy F.1.4 IT Program Support was increased by \$21,527
- Article II, Rider 4 - Appropriation of Funds from Counties, Cities, and Other Local Sources:
- Strategy B.1.1 CPS Direct Delivery Staff was increased \$411,772 for anticipated receipts for CPS Direct Delivery Staff Local Contribution staff
- Article II, Rider 15 - Limitation on Transfers: CPS and APS Direct Delivery Staff (June 13, 2014 letter):
- \$11,295,696 of General Revenue was transferred out of Strategy B.1.1 CPS Direct Delivery Staff to the following strategies to cover shortfalls due to increased costs in staffing:
 - ⇒ \$722,067 to Strategy A.1.1 Statewide Intake Services
 - ⇒ \$32,401 to Strategy B.1.2 CPS Program Support
 - ⇒ \$1,576,111 to Strategy B.1.6 Adoption Purchased Services
 - ⇒ \$1,000,000 to Strategy B.1.9 Substance Abuse Purchased
 - ⇒ \$3,817,781 to Strategy B.1.10 Other Purchased Services
 - ⇒ \$789,805 to Strategy D.1.1 APS Direct Delivery Staff
 - ⇒ \$185,980 to Strategy D.1.2 APS Program Support
 - ⇒ \$115,580 to Strategy D.1.3 MH and ID Investigations
 - ⇒ \$1,603,954 to Strategy E.1.1 Child Care Regulation
 - ⇒ \$1,417,622 to Strategy F.1.1 Central Administration
 - ⇒ \$34,395 to Strategy F.1.2 Other Support Services
 - \$4,883,864 of General Revenue was transferred out of Strategy B.1.1 CPS Direct Delivery Staff to the following strategies to cover the loss of Federal Title XX Social Services Block Grant funds due to sequestration:
 - ⇒ \$1,733,575 to Strategy C.1.1 STAR Program
 - ⇒ \$3,150,289 to Strategy D.1.1 APS Direct Delivery Staff
- Article II, Rider 27 - Limitation on Appropriations for Day Care Services (June 13, 2014 letter) - (See also Article II, Rider 15 - Limitation on Transfers: CPS and APS Direct Delivery Staff):
- \$3,365,952 of General Revenue was transferred from Strategy B.1.1 CPS Direct Delivery Staff into Strategy B.1.5 Protective Day Care due to forecasted shortfalls
 - \$690,005 of General Revenue was transferred from Strategy B.1.4 Relative Day Care to the following strategies due to forecasted shortfalls:
 - ⇒ \$266,467 into Strategy B.1.3 Foster Day Care
 - ⇒ \$423,538 into Strategy B.1.5 Protective Day Care

➤ Article II, Rider 37 - Contingency for HB-969:

- Strategy B.1.2 CPS Program Support was decreased by \$500,000 General Revenue for Student Loan Repayment Assistance Program

➤ Article II, Special Provisions Relative to All Health and Human Services Agencies, Section 10:

- Strategy F.1.4 IT Program Support was increased \$2,635 (\$2,240 General Revenue; \$395 Federal Funds) to budget the Inventory System Upgrade transfer from HHSC

➤ Article IX, Section 8.02 - Federal Funds/Block Grants (Net Decrease of \$1,667,807):

❖ Block Grants/Capped Titles (Net Increase of \$3,768,226):

- Strategy B.1.1 CPS Direct Delivery Staff was increased by \$4,738,405 to reflect the following:
 - ⇒ Increase Adoption Incentive Payments Program (AIPP) in the amount of \$2,591,569 to reflect the re-budget of available funds from FY 2014 into FY 2015
 - ⇒ Increase TANF ECF funds in the amount of \$2,146,836 due to a transfer from HHSC to fund Master Investigator FTEs
- Strategy B.1.2 CPS Program Support was increased by \$185,876 to reflect the following:
 - ⇒ Increase Refugee and Entrant Assistance State Administered Program federal funds in the amount of \$284,434 due to the re-budget of available funds from FY 2014 into FY 2015
 - ⇒ Increase Chafee Education and Training Vouchers Program (ETV) federal funds in the amount of \$10,000 due to the re-budget of available funds from FY 2014 into FY 2015
 - ⇒ Reduction Children's Justice Grants to States funds in the amount of \$125,000
 - ⇒ Reduction of Child Abuse and Neglect State (CAPTA) federal funds in the amount of \$27,054 due to updated estimate published in the CFS-101.
 - ⇒ Increase Chafee Foster Care Independence Program federal funds in the amount of \$43,496 due to the re-budget of available funds from FY 2014 into FY 2015
- Strategy B.1.8 PAL Purchased Services was increased by \$813,217 to reflect the following:
 - ⇒ Increase Title IV-E Chafee ETV federal funds in the amount of \$93,322 due to the re-budget of available funds from FY 2014 into FY 2015
 - ⇒ Increase Chafee Foster Care Independence Program federal funds in the amount of \$719,895 due to the re-budget of available funds from FY 2014 into F2015
- Strategy B.1.10 Other CPS Purchased Services was increased by \$988,925 to reflect a re-budget of Adoption Incentive Payments Program (AIPP) from FY 2014 into FY 2015
- Strategy C.1.1 STAR Program was decreased by \$1,733,575 to reflect the reduction of Title XX Social Services Block Grant for sequestration

- Strategy C.1.4 Child Abuse Prevention Programs was increased \$1,741,429 to reflect a re-budget of available funds in Community-Based Child Abuse Prevention (CBCAP) federal funds from FY 2014 into FY 2015
- Strategy C.1.6 At-Risk Prevention Program Support was decreased \$82,067 to reflect a re-budget of CBCAP federal funds from FY 2015 into FY 2014
- Strategy D.1.1 APS Direct Delivery Staff was decreased \$2,884,490 due to the following:
 - ⇒ Reduction of Title XX Social Services Block Grant in the amount of \$3,150,289 due to sequestration
 - ⇒ Increase Elder Abuse Prevention Interventions Program funds in the amount of \$265,799 due to the re-budget of available funds from FY 2014 into FY 2015
- Strategy F.1.1 Central Administration was decreased \$2,776 to reflect a re-budget in Chafee Foster Care Independence Program funds from FY 2015 into FY 2016
- Strategy F.1.2 Other Support Services was decreased \$37 to reflect a re-budget in Chafee Foster Care Independence Program funds from FY 2015 into FY 2016
- Strategy F.1.4 IT Program Support was increased \$3,319 to reflect a re-budget in Chafee Foster Care Independence Program funds from FY 2014 into FY 2015

❖ Entitlement Federal Funds (Net Decrease of \$5,436,033):

- Strategy A.1.1 Statewide Intake Services was decreased \$62,414
- Strategy B.1.1 CPS Direct Delivery Staff was decreased \$36,288
- Strategy B.1.2 CPS Program Support was decreased \$506,801
- Strategy B.1.3 Foster Day Care was decreased by \$1,599,002
- Strategy B.1.10 Other CPS Purchased Services was decreased \$11,229
- Strategy B.1.11 Foster Care Payments was decreased \$2,765,540
- Strategy B.1.12 Adoption Subsidy Payments was increased \$1,058,016
- Strategy D.1.1 APS Direct Delivery Staff was decreased \$172,943
- Strategy D.1.2 APS Program Support was decreased \$33,827
- Strategy D.1.3 MH and ID Investigations was decreased \$456,064
- Strategy E.1.1 Child Care Regulation was decreased \$175,458
- Strategy F.1.1 Central Administration was decreased \$176,345
- Strategy F.1.2 Other Support Services was decreased \$10,091
- Strategy F.1.3 Regional Administration was increased \$259
- Strategy F.1.4 IT Program Support was decreased \$488,306

➤ Article IX, Section 8.02 (k) - Federal Funds/Block Grants -TANF (Net Increase of \$44,159,225):

- Strategy B.1.1 CPS Direct Delivery Staff was increased by \$46,197,765 to cover shortfalls created by increased costs in staffing as requested in June 13, 2014 letter:
 - ⇒ \$44,156,679 of TANF Federal Funds was transferred from HHSC to DFPS
 - ⇒ Strategy B.1.1 CPS Direct Delivery Staff was increased by \$2,546 to fund Master Investigators as requested in letter dated October 23, 2013
 - ⇒ \$2,038,540 of TANF Federal Funds was transferred into B.1.1 from Strategy B.1.10 Other Purchased Services.(June 13, 2014 letter)

➤ Article IX, Sec. 8.03 - Reimbursements and Payments (Net Increase of \$247,162 Other Funds):

- Strategy B.1.1 CPS Direct Delivery Staff was increased by \$5,842 to fund Non-County/Other Contribution Staff
- Strategy B.1.2 CPS Program Support was decreased by \$37,250 due to the following:
 - ⇒ Decrease in the amount of \$39,750 to reflect discontinuance of DePelchin Contract
 - ⇒ Increase in the amount of \$15,000 to reflect new Casey contract
 - ⇒ Decrease in the amount of \$12,500 to reflect discontinuance of Blue Ribbon Task Force
- Strategy B.1.8 PAL Purchased Services was increased by \$4,000 to reflect award of Freshman Success Fund for Foster Youth
- Strategy E.1.1 Child Care Regulation was increased by \$55,218 to reflect the interagency contract with Texas Workforce Commission for background checks
- Strategy F.1.2 Other Support Services was increased by \$219,352 to reflect the following:
 - ⇒ Increase of \$192,664 to reflect interlocal contract for the Harris County adoption records redaction project
 - ⇒ Increase of \$26,688 to reflect increase in interagency contract with Texas Workforce Commission for background checks

➤ Article IX, Section 8.08 - Conference Fees:

- Strategy D.1.2 APS Program Support was increased \$25,000 based on estimated collected APS Conference Fees revenue

➤ Article IX, Sec 14.01 (a) - Appropriation Transfers:

- \$487,082 of General Revenue was transferred into Strategy B.1.1 CPS Direct Delivery Staff from the following strategies due to increased staffing costs (June 13, 2014 letter):
 - ⇒ \$370,603 from Strategy B.1.8 PAL Purchased Services
 - ⇒ \$116,479 from Strategy C.1.6 At-Risk Prevention Program Support
- \$2,181,734 of General Revenue was transferred out of Strategy B.1.13 Relative Caregiver Payments into B.1.12 Adoption Subsidy Payments to cover shortfalls based on the HHSC caseload and expenditure forecast (June 13, 2014 letter)
- \$40,919 of Child Care and Development Block Grant was transferred to Strategy E.1.1 Child Care Regulation from the following strategies:
 - ⇒ \$2,620 from Strategy A.1.1 Statewide Intake Services
 - ⇒ \$38,299 from Strategy B.1.10 Other Purchased Services
- \$1,186,560 of General Revenue was transferred out of Strategy F.1.4 IT Program Support to the following strategies to maintain overhead costs (June 13, 2014 letter):
 - ⇒ \$1,150,237 to Strategy F.1.2 Other Support Services
 - ⇒ \$36,323 to Strategy F.1.3 Regional Administration

- \$1,417,503 (\$1,361,498 General Revenue and \$56,005 Other Capped Grants) was transferred out of Strategy F.1.1 Central Administration to the following strategies:
 - ⇒ \$59,012 of General Revenue to Strategy A.1.1 Statewide Intake Services
 - ⇒ \$1,053,614 General Revenue to B.1.1 CPS Direct Delivery Staff
 - ⇒ \$55,863 (\$54,524 General Revenue, \$1,339 Other Capped Grants) to Strategy B.1.2 CPS Program Support
 - ⇒ \$5,372 General Revenue to Strategy C.1.6 At-Risk Prevention Program Support
 - ⇒ \$100,783 General Revenue to Strategy D.1.1 APS Direct Delivery Staff
 - ⇒ \$9,252 General Revenue to Strategy D.1.2 APS Program Support
 - ⇒ \$17,964 General Revenue to Strategy D.1.3 MH and ID Investigations
 - ⇒ \$82,268 (\$27,602 General Revenue, \$54,666 Other Capped Grants) to Strategy E.1.1 Child Care Regulation
 - ⇒ \$10,344 General Revenue to Strategy F.1.2 Other Support Services
 - ⇒ \$704 General Revenue to Strategy F.1.3 Regional Administration
 - ⇒ \$22,327 of General Revenue to Strategy F.1.4 IT Program Support

- Article IX, Section 17.06 - Appropriation for a Salary Increase for General State Employees (*Increase of \$14,380,776 (\$12,869,189 General Revenue; \$1,511,587 Federal Funds)*):
 - Strategy A.1.1 Statewide Intake Services was increased by \$505,085
 - Strategy B.1.1 CPS Direct Delivery Staff was increased by \$10,303,554
 - Strategy B.1.2 CPS Program Support was increased by \$730,493
 - Strategy C.1.4 Child Abuse Prevention Grants was increased by \$2,074
 - Strategy C.1.6 At-Risk Prevention Program was increased by \$33,860
 - Strategy D.1.1 APS Direct Delivery Staff was increased by \$937,510
 - Strategy D.1.2 APS Program Support was increased by \$114,804
 - Strategy D.1.3 MH and ID Investigations was increased by \$214,766
 - Strategy E.1.1 Child Care Regulation was increased by \$784,355
 - Strategy F.1.1 Central Administration was increased by \$363,080
 - Strategy F.1.2 Other Support Services was increased by \$87,573
 - Strategy F.1.3 Regional Administration was increased by \$8,778
 - Strategy F.1.4 IT Program Support was increased by \$294,844

- Article IX, Section 17.08 - Technical Adjustments for Data Center Services:
 - Strategy F.1.5 Agency-wide Automated Systems was increased by \$473,675 (\$358,529 General Revenue and \$115,146 Federal Funds)

BUDGET VARIANCES

This report reflects a net agency shortfall of \$26.4 million General Revenue.

The following General Revenue variances are projected based on the HHSC August 2014 caseload and expenditure forecast:

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$0.2 million.
- Strategy B.1.4 TWC Relative Day Care has a projected surplus of \$0.1 million.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$0.3 million.
- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$23.9 million.
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected shortfall of \$0.1 million.
- Strategy B.1.13 Relative Caregiver Monetary Assistance Payments Care has a projected shortfall of \$2.0 million.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This is the first Monthly Financial Report for FY 2015.

OTHER KEY BUDGET ISSUES

Until trends can be established, projected expenditures are assumed to equal the Operating Budget except for Foster Care Payments, Adoption/PCA Payments, TWC Day Care Services, and Relative Caregiver Payments strategies.

CAPITAL BUDGET ISSUES

No significant variances are projected at this time.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Letter Topic Appropriation Year 2014	HHSC/DFPS Letter Date	Approval/Response Received by November 1, 2014	
		LBB	Governor
Request to Carryback funds from Fiscal Year 2015 to 2014 in Strategy B.1.11 Foster Care and Transfer Unexpended Prevention Funds to Strategy B.1.11	September 18, 2014	Y	N

Please contact Beth Cody, Budget Director, at 438-3351 if you have any questions or require additional information.

Sincerely,



Tracy Henderson
Chief Financial Officer

Kate McGrath and Ursula Parks

November 13, 2014

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cc: Garnet Coleman, State Representative
Becky Dean, Governor's Office
Kyle Kamrath, Governor's Office
Hasan Mack, Lieutenant Governor's Office
Heather Fleming, Speaker's Office
Stacey Gilliam, Senate Finance Committee
Keith Yawn, House Appropriations Committee
Kyler Arnold, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board